

**MINUTES OF THE**  
**CITY OF SANTA FE**  
**FINANCE COMMITTEE**

**Santa Fe, New Mexico**

**March 17, 2003**

A regular meeting of the City of Santa Fe Finance Committee was called to order on this date at approximately 5:15 p.m. in City Hall Council Chambers. Roll Call indicated the presence of a quorum, as follows:

**Members Present:**

Councilor Carol Robertson Lopez, Chair  
Councilor Miguel M. Chavez  
Councilor Karen Heldmeyer  
Councilor Matthew E. Ortiz  
Councilor Rebecca Wurzburger

**Members Excused:**

None.

**Other Councilors Present:**

None.

**Staff Present:**

Ms. Kathryn Raveling, Finance & Budget Division  
Ms. Terry Medina, Finance & Budget Division

**APPROVAL OF AGENDA**

The Agenda was reprioritized.

**Councilor Wurzburger moved approval of the Agenda, as amended.  
Councilor Heldmeyer seconded the motion, which passed 2-0 by voice vote.  
[Councilor Chavez and Councilor Ortiz were not present for this action.]**

## **APPROVAL OF MINUTES:**

### **February 17, 2003**

**Councilor Wurzburger moved approval of the February 17 minutes, as submitted. Councilor Heldmeyer seconded the motion, which passed 2-0 by voice vote. [Councilor Chavez and Councilor Ortiz were not present for this action.]**

### **March 3, 2003**

**Councilor Heldmeyer moved approval of the March 3 minutes, as submitted. Councilor Wurzburger seconded the motion, which passed 2-0 by voice vote. [Councilor Chavez and Councilor Ortiz were not present for this action.]**

## **APPROVAL OF CONSENT AGENDA**

**Upon motion by Councilor Heldmeyer, seconded by Councilor Wurzburger, the following Consent Agenda, as amended, was approved 2-0 by voice vote. [Councilor Chavez and Councilor Ortiz were not present for this action.]**

6. Bid Openings:
  - A. Bid No. 03/38/B – Curbside Recycling Containers for Solid Waste Division; SCL A-1 Plastic, Ltd.
7. Request for Approval of Grant Application — Training and Equipment for Police Department; Law Enforcement Protection.
8. Request for Approval of Procurement Under State Price Agreements — Truck and Dump Body for Water Division:
  - A. Construction Support Equipment Mfg
  - B. Trucks West of New Mexico
9. Request for Approval of Procurement Under State Price Agreements — Truck and Utility Body for Water Division:
  - A. Rich Ford
  - B. Clark Truck Equipment
10. Request for Approval of Memorandum of Agreement — Household Hazardous Waste Drop-off Day; Santa Fe County and Santa Fe Solid Waste Management Agency.

11. Request for Approval of Professional Services Agreement — Household Hazardous Waste Drop-off Day Services (RFP No. 2003/17/P); MSE Environmental, Inc.
12. [Moved to Discussion Agenda.]
13. [Moved to Discussion Agenda.]
14. [Moved to Discussion Agenda.]
15. Request for Approval of Budget Increase — Cuarto Centenario/Cathedral Park Project; Lodgers Tax Fund.
16. Request for Approval of Budget Increase — Advertising; Lodgers Tax Fund.

## **DISCUSSION AGENDA**

### **Request for Approval of Community Development Block Grant (CDBG) Contract — Administration Services for Small Business Development Loan Program (RFP No. 2003/10/P); New Mexico Community Development Loan Fund (NMCDLF)**

Councilor Wurzbarger observed that staff's report appears to be saying that the City would be paying a \$125,000 fee to the contractor to administer an equal amount in loans, and asked Community Development staff members Steve Whitman and Craig Fiels to explain.

Mr. Whitman distributed financial information. *[See Exhibits "A" and "A.1" for Santa Fe Small Business Loan Program financial summaries.]*

Mr. Whitman explained that the actual amount of the loan, depending on the CDBG allocation, is likely to be in the neighborhood of \$427,000. He added that the contract would cover not just the 12-loan minimum, but also another 30 loans already in the portfolio.

Mr. Whitman said the \$125,000 is to cover 15 months — \$25,000 to the end of the current fiscal year and \$100,000 for the upcoming fiscal year.

Mr. Whitman stated that he did not know precisely how much would be loaned, because it would depend on the deal structures. He said some will be direct loans from the Revolving Loan Fund, others will be loan guarantees as part of a leveraged loan, and others might be participation loans with other banks.

Chair Lopez commented that she has always had “a serious problem with the City being in the loan business,” and in this instance the City will essentially be paying \$125,000 to administer a \$400,000 loan portfolio.

Mr. Whitman responded by pointing out that the portfolio is actually in excess of \$1 million, which will increase to \$1.4 million with these additional loans from the CDBG allocation.

Mr. Whitman also explained that there were no responses from any banks in response to the RFP.

Mr. Fiels added that a recent study by the National Community Reinvestment Coalition, commissioned as part of the City’s effort to make the Economic Development Plan more efficient, included a recommendation that the City find a contractor that specialized in making loans. He said an RFP was subsequently issued with the idea of maximizing the efficiency of the funding for job creation and retention as well as micro-enterprise development.

Councilor Wurzbarger said it was not entirely clear to her how this new contractor would increase efficiency such that the \$125,000 fee would be justified.

Mr. Fiels responded that the contract calls for a minimum of 12 loans to be made in the first year for \$100,000. He said this contract differs from the previous contracts in that marketing and advertising is included in the contract, and the contractor will develop a brochure in English/Spanish. He added that technical assistance would be coordinated with local providers such as SCORE, SPCD and the Santa Fe Business Incubator.

Councilor Wurzbarger said she saw no timeline for the 12 contracts, and Mr. Fiels responded that the contractor submitted one, but he did not include it in the packet.

Expressing concern about the City’s timing (as opposed to the contractor’s) Councilor Heldmeyer commented that the City is just beginning to look at its economic development package, in part because it lost the entity that was administering some of the loans and also because there has been some discussion about changing the focus of the loan program. She observed that the list of loans she was given by staff has dentists as the single biggest category. She commented, “Maybe that’s a good thing to do, maybe that’s not a good thing to do, but we haven’t had that discussion yet. So here we are, giving an RFP out to people not just to administer the current loans, but also to write policies and procedures. And it sounds like they’re going to be making decisions about what kind of loans we’re going to be giving out ahead of this discussion on the Economic Development Plan, about where we really want to go with that.”

Mr. Fiels clarified that the rewriting of policies and procedures will be done in coordination with the reevaluation of the Economic Development Plan.

Councilor Heldmeyer asked Mr. Fiels if the City intends to continue giving out loans under the old guidelines until the Economic Development Plan is finished, and Mr. Fiels responded that there is a need right now for loans, and staff would not want to interrupt the continuity.

Councilor Heldmeyer stated that the group that wrote the RFP (some Councilors as well as members of the Economic Development Committee) wanted a much more focused approach in the plan. She said, "It wouldn't be a little bit for everybody; it would be very focused on two, or three, or four areas where we could really see changes." She remarked that she did not question the need for these loans — the question was: "Where do they fit into the bigger picture? I think that's the question you're being asked."

Responding to questioning from Councilor Wurzburger on timeline, Mr. Whitman said staff was "never given any direction to stop everything we're doing and let programs die while we wait for a new plan to be drawn up, so we've been working under the existing programs and the existing plan."

Councilor Wurzburger commented that the City might have made a mistake in proceeding with this RFP without giving staff any direction.

**Councilor Wurzburger moved to table this proposal to three Finance Committee meetings from now for two reasons: 1) to refer it to the Economic Development Review Committee for review by the two bankers on that committee; and 2) to work with staff to clarify how this fits in the planning process.**

**Councilor Heldmeyer seconded the motion with the proviso that staff provides more details in the financials submitted to the Committee.**

Councilor Chavez asked Councilor Wurzburger if her intent was to reissue the RFP, and Councilor Wurzburger responded that her intention was only to stop the process at this point, "but I would leave open all options depending on what we learn from our Economic Development Review Committee and from what we learn with respect to the plan that we're going to consider doing."

Councilor Heldmeyer added that a further breakdown of the figures would also make it more understandable as to where the money is going.

Addressing Ms. Raveling, Chair Lopez recalled that the ordinance when last amended increased the GRT percentage going to the Economic Development Fund, but also included an evaluation of where the City stood in terms of total gross

receipts as opposed to automatically granting increases. She asked that a written summary be included in an upcoming committee packet.

**The motion passed 4-0 by voice vote.**

**Request for Approval of Two Amendment No. 1's to Community Development Block Grant (CDGB) — First Time Homebuyer Assistance Programs**

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- A. Neighborhood Housing Services of Santa Fe.**
- B. Santa Fe Community Housing Trust.**
- C. Request for Approval of Budget Transfers — Grant Funds.**

Councilor Heldmeyer noted that this item looks at giving money for first time homebuyer programs from Neighborhood Housing Services and the Santa Fe Community Housing Trust. She said she saw a report last night from some of the first time homebuyers who are looking at homes in Zocalo and who are concerned about some of the issues surrounding their purchases of these first-time homes. *[See report, submitted herewith as Exhibit "B."]*

Councilor Heldmeyer commented that this second group of five homebuyers were concerned about "some of the tactics used in terms of who got picked to replace people who dropped out of the process, and in terms of the paperwork that they were required to sign. When they signed purchase agreements, they were blank as to price. And more recently, when they've been presented with purchase agreements closer to the time that they're supposed to close, the price went up considerably."

Councilor Heldmeyer asked how much of this money would be used to offset the increased costs to this group of five homebuyers as they go to close on their homes.

Community Development planner Frank Romero responded that the amount of down payment assistance is determined by what the family can afford — so when the closing price is determined, at that time the amount of down payment assistance is applied to the loan to make the home purchase affordable to the buyer. He commented that, many times, the final price of a home is unknown until closing, so it is difficult for some recipients — Santa Fe Community Housing Trust and Neighborhood Housing Services — to know the actual price of the home when the loan documents are being prepared.

Councilor Heldmeyer asked if the amount of the down payment assistance enough to make them whole, e.g., if a homebuyer is told their home will cost \$100,000 and they are told at the closing it will be \$120,000, does the City give them another \$20,000. She said she understood that, in some instances, people drop out

of the program or get moved down on the list because they can't come up with the difference at closing.

Councilor Heldmeyer commented that this seemed like an odd way to run a program.

Mr. Romero responded that the caps on the down payment assistance loans to homebuyers are set at \$10,000 for NHS and \$15,000 for SFCHT. He said they also use other funding sources to supplement the money provided by CDGB: "So to answer your question if the price went up \$20,000, the amount that is provided for down payment assistance would be increased according to the amount that's needed to afford the house payment.... So if the buyer can only afford \$900 a month, but in theory they'd be paying \$1,200 a month, NHS would come up with \$30,000 of down payment assistance to bring the payment down to \$900."

Councilor Heldmeyer said her concern goes to Community Housing Trust, which is dealing with Zocalo. She noted from the report that prices went up \$20,000 to \$30,000 a client from what they had been originally told, and that the Housing Trust had known about these increases months before, and people were "running around" to the banks and so forth, yet SFCHT suggested that some clients get back on the waiting list for when prices in the low and median incomes were offered. She commented, "It sounds like we're really putting these people through a major wringer, and it doesn't sound like all of their extra expenses and extra costs are being picked up by the Trust. "

Councilor Heldmeyer said she thought a meeting should be held between the clients and Housing Trust with City staff present in order to work out the individual problems, but also to try to work out the more systemic problems, i.e., the report said someone dropped out of the first group because of problems there as well.

Councilor Chavez stated that he receives more negative feedback from people regarding SFCHT as opposed to NHS, although he did not know the specifics.

**Councilor Heldmeyer moved to postpone this item to the next meeting with the following stipulations: 1) staff bring forward answers to the questions asked by the Committee; 2) in the interim, SFCHT meet with the second Zocalo group and deal with their questions and concerns; and 3) that staff for these two programs be present at the next Finance Committee meeting.**

**Councilor Wurzbarger seconded the motion with the proviso that staff provide a matrix comparing the two programs in terms of the two processes that applicants go through, and at what point they understand what their costs are going to be.**

**The motion passed 4-0 by voice vote.**

**Request for Approval of Budget Increase — Small Business Development Loan Program; Grant Fund.**

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Councilor Heldmeyer asked Community Development planner Frank Romero to explain why the City would be moving money after the fact.

Mr. Romero responded by explaining that, in approximately 1997, one of the City's loan guarantees — a restaurant called Willie's on Water — defaulted. He said staff sold the collateral (two automobiles) indirectly and deposited the \$10,050 in proceeds in a miscellaneous revenue account. He said the money was deposited in the cash fund for CDGB at the end of the fiscal year, and it is still there. He stated that he was requesting that the money, which belongs to the federal government, be transferred to an expense business unit.

Councilor Heldmeyer asked if it wasn't more usual for staff to ask for the transfer of the money before it was expended.

Mr. Romero agreed that it was typical to expend the money prior to transfer; however, in this case, there was budget in the business unit to cover the expense of the P.O. He said he was asking that the money in the cash fund be transferred to the expense account so that, when the money is drawn from HUD, the City can pay itself back with money sitting in its account before drawing down money owed to it.

**Councilor Heldmeyer moved for approval. Councilor Wurzbarger seconded the motion, which passed 3-0 by voice vote. [Councilor Ortiz was not present for this action.]**

**Request for Approval of Final Implementation — Santa Fe Trails Fare Increase.**

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Assistant Transit director Wade Havens presented staff's report, noting that the City Council's approval of the service expansion plan in August 2002 called for a two-phased fare increase. He said the first phase of the fare increase began in September 2002, and the second phase was to have begun March 3. He said staff was requesting that the second phase begin on April 12 instead because of delays.

Mr. Havens referred to revenue report based on the first phase, which he said was \$20,000 short of projections because the monthly passes were held at \$10 and \$5. He stated that implementation of the second phase would put the fare structure back in balance and generate about \$77,670 in new revenue over the next six months. He said failure to implement the second phase will result in a \$73,277 shortfall.



Responding to questioning from Chair Lopez, Mr. Havens clarified that revenues collected in the first phase were only half of projections, but implementation of the second phase as proposed would get Transit back on track and allow it to collect what it thought it would get.

Councilor Wurzbarger stated that, as she understood it, projections were only half of what was expected because the monthly passes were not increased, and Mr. Havens confirmed that this was correct.

Councilor Coss said he supported raising the monthly pass to \$20 rather than \$25 as proposed by staff.

Councilor Chavez asked if Santa Fe County has been asked to increase its contribution to the transit system as it grows and Mr. Havens responded that discussion has not gone very far. He said the City finally managed to get \$60,000 from the County a year ago for the Santa Fe Ride program.

Councilor Coss said he was proposing a resolution to increase the contribution of Lodgers Tax to Transit to correspond with the percentage of ridership comprising visitors to Santa Fe, and that resolution will go through the Transit Advisory Board and Mayor's Committee on Concerns of Persons With Disabilities before going to the Council committees.

Councilor Coss asked Mr. Havens what the cost sharing would be between the City and County on the fixed route system, since he understood it would be about \$21,000 for the Santa Fe Ride program.

Mr. Havens responded that it would be about \$628,000, and Councilor Chavez commented that it was not in the City's best interests to provide services in the County without expecting the County to help pay for the cost.

Ms. Raveling said the City is going into the second year with no contribution from the County because there are no agreements. She said the County is very reluctant to give any funding because they are having the same financial problems the City is having.

Councilor Chavez said he would direct the City Manager to meet with the County and find out when they plan to forward a contribution toward transit to the City.

Chair Lopez pointed out that the County's view is that the bus system is being paid for through a gross receipts tax increment that is paid for by any county residents who shop in the city, and so the County should not have to pay anything to supplement that.

Chair Lopez asked staff to develop some budget figures taking into account other possibilities for contributions to the system, including the increase in the Lodgers Tax contribution. She said she would like to see advertising revenues pay the cost of bus passes in the summer youth program, for instance.

**Councilor Wurzbarger moved to accept staff's recommendation for the change in fare, but to increase the monthly pass rate to \$20 rather than \$25. Councilor Heldmeyer seconded the motion.**

**Chair Lopez proposed an amendment that the standard cash fare not be increased to \$1 but be left at 75¢.**

**The amendment was *not accepted*.**

**The main motion then passed 4-0 by voice vote.**

### **Santa Fe Trails Marketing Project**

Public Works marketing director Joyce Bond presented her report to the Committee, which included information on the Santa Fe Trails Image Campaign; advertising on buses, benches and shelters; and various marketing plans to youth, employers and employees, and advertising on theater screens to raise awareness.

Chair Lopez asked staff to research the cost of the bus wrap paid for by the museums.

Councilor Wurzbarger expressed concern about low ridership on the Museum Hill Route and asked Ms. Bond to look into creative ways of increasing the ridership.

Ms. Bond responded that Transit plans to leave more information about the Museum Hill Route in the hotels, and that should make an impact.

**Councilor Ortiz moved for approval. Councilor Wurzbarger seconded the motion, which passed 4-0 by voice vote.**

### **Request for Approval of Final Change Order — Rufina Street Extension and Drainage Project; Condore Construction Company.**

#### **A. Request for Approval of Budget Adjustment — Project Fund and Budget Increase — Water Operation Enterprise Fund.**

**Councilor Ortiz moved for approval. Councilor Wurzbarger seconded the motion.**

Responding to questioning from Councilor Chavez, Engineering Division director Robert Romero stated that he would find out where the contractor is paying gross receipts taxes by requesting a copy of his records.

Ms. Raveling said she had prepared, in response to questions from Councilor Chavez at the Public Works Committee, a report on: 1) Status of bond funds advanced to Water; and 2) Status of payback under resolution directing staff to annually review and determine payback for fund advances to the Water Operation Enterprise Fund, Water Project Funds, and other related Water Funds. *[Exhibit "C," submitted herewith.]*

**The motion passed 4-0 by voice vote.**

**Request for Approval — Santa Fe Municipal Airport Stormwater Pollution Prevention Plan**

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**A. Request for Approval to Submit Notice of Intent for Stormwater Discharges Associated with Industrial Activity.**

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**Councilor Ortiz moved for approval. Councilor Wurzburger seconded the motion.**

Councilor Chavez asked Airport Manager Jim Montman how much it costs the Airport for the stormwater pollution prevention plan, and Mr. Montman responded that it costs \$4,032.75.

**The motion passed 4-0 by voice vote.**

**OTHER FINANCIAL INFORMATION**

**Report of Use of Lodgers Tax**

Ms. Raveling said this report was requested by Councilor Heldmeyer, and was presented to the Public Works Committee. She said, "As I explained, this really came about because of the consultant working on the fiscal impact of the convention center and how the bonding would go, and so forth. So they started with a couple of scenarios, one being that, for the discretionary uses, that would be zero a year from now. My comment to them was that is not possible.

"The one thing that might be possible would be perhaps gradually weaning ourselves off of Lodgers Tax for the discretionary use. The tradeoff on that is just

that you have more bonding capacity if you use the full increment of Lodgers Tax rather than using Lodgers Tax for some of these other purposes.”

Ms. Raveling referred to a list of discretionary uses:

\$150,000 for General Fund administration  
\$271,000 for Transit  
\$125,000 reimbursement for special events  
\$ 11,000 reimbursement for Solid Waste overtime for special events.  
\$557,912

Ms. Raveling said she had used the term “weaning” because for several years the City was spending far more Lodgers Tax than what was coming in annually. She referred to figures in her report reflecting levels of funding in various categories and transfers out.

Councilor Ortiz commented that the City has been conservative, in his view, in what it has used Lodgers Tax for. He said he thought all of the downtown police patrols could be funded from the Lodgers Tax.

Ms. Raveling said this was certainly possible, but said the Committee should keep in mind that she would have to make corresponding cuts.

Councilor Heldmeyer asked for a detailed list of what has been funded in the past under “special projects” within CVB.

### **Report on Retiree Health General Health and All Insurance Programs**

Human Resources director Arturo Rodriguez presented his report to the Committee. He said staff has attempted to present numbers and percentages that put the Retiree Health Care Plan in perspective.

Presenting background, Mr. Rodriguez noted that 20% is covered by active employees, 42% by the City, and 38% by the retirees themselves through their premiums.

Mr. Rodriguez stated that staff was recommending that the increased retiree premiums increase by \$167,000, adding that the increase to 1.5% for the City and .075% for active employees would generate another \$400,000.

**ADJOURN**

Its business completed, the meeting was adjourned at approximately 7:00 p.m.

Accepted by:

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Councilor Carol Robertson Lopez, Chair

Reviewed by:

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Kathryn Raveling, Finance Director

Submitted by:

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Judith S. Beatty, Recorder